

Montana's Energy/Resource Developments Under Governor Schweitzer

Montana Electrical Generation Capacity, 2005 - 2008

More new electrical generation capacity has been added in Montana in the last 3 years than in the previous 20 years combined, including new power plants in Hardin (Centennial, 116 MW), Butte (Basin Creek, 51.8 MW), Wheatland County, (Judith Gap, 135 MW) and Great Falls, (Horseshoe Bend, 9 MW). In addition, 106.5 MW will be up and running at the Glacier Wind Farm by the end of 2008.

Wind Farms

Judith Gap Wind Farm – October, 2005

The Judith Gap wind farm owned by Invenergy is located six miles south of Judith Gap in Wheatland County. On October 7, 2005, the Judith Gap Wind Farm was dedicated. The 135 MW wind farm is equipped with 90 GE turbines rated a 1.5 MW capacity each. Currently the state's largest wind farm, Judith Gap has a proposed expansion of 35 turbines for another 52.5 MW, adding nearly 40 percent in power-production capacity. The Judith Gap Wind Farm has proven to be one GE's best performing sites in terms of wind capacity factor.

Horseshoe Bend Wind Park – January, 2006

This wind farm, located near Great Falls, is owned by XRG and produces an estimated 9 megawatts of electricity from six 1.5 MW turbines, enough to power about 2,400 homes a year.

Glacier / Rim Wind Farms – July, 2008

NaturEner USA began construction in 2008 on 510 MW of wind power generation near Shelby to be built in three phases. Governor Schweitzer spoke at the official ground breaking of the first phase on July 17, 2008, which will be operational by the end of October 2008. Located in the hills between Cut Bank and Shelby, the first phase will generate 106.5 MW. Another 103.5 MW are planned in phase two to be constructed in 2009. NaturEner plans to build an additional 300 MW of generation capacity in phase three in 2009 at another nearby wind site known as the Rim Wind Farm to connect to the Montana Alberta Tie Line (MATL) transmission line which is also slated to be constructed in 2009.

Diamond Willow Wind Farm - January, 2008

Montana Dakota Utility's Diamond Willow wind farm near Baker was completed in 2008 and includes 13 turbines with a total capacity of 19.5 MW. The wind farm

produces enough energy to power 7,000 residences.

Beaver Creek Wind Farm - March 2008

This proposed wind farm is located north of Reed Point in Stillwater County. Developer Jon Chafin is proposing to construct 100 MW in the first phase of the project consisting of forty 2.5 MW wind turbines. Future phases of the project are designed to develop a total of 300 MW at the site.

Madison Valley Renewable Energy – September, 2008

This project has been given permission from the Madison County Commissioners to erect eight additional test towers on Norris Hill near Ennis. The company has leased enough ground to eventually produce 150 MW.

Martinsdale Wind Farm – September, 2008

Martinsdale Wind Farm LLC, a subsidiary of Horizon Wind Energy, working in cooperation with the Montana Department of Natural Resources and Conservation (DNRC) is developing a wind energy facility of up to 300 megawatts known as the Martinsdale Wind Power Project (Project) in central Montana approximately 20 miles west of Harlowton, Montana. The multi phase project will initially consist of approximately 36 wind turbine generators producing approximately 60 MW, possibly expanding to 100 wind turbine generators producing up to 300 MW. Horizon expects the first phase to be constructed in 2009.

Sagebrush Energy – September, 2008

Sagebrush Energy is proposing to develop the Norris Hill Wind Project, a small, community sized wind energy project located near Norris Junction in Madison County. The project will provide clean affordable electricity to approximately 7,000 homes in Montana, generated from eight (8) wind turbines with a total capacity of 20 MW.

Wind Programs

Wind for Schools in Montana and the Wind Application Center at MSU – May, 2008

The US Department of Energy has selected Montana as one of five states to participate in the inaugural year of the Wind for Schools Program (WfS). The objective of Wind for Schools is to engage rural America in a discussion of wind energy while encouraging the growth of a knowledge and skill base for development of the wind industry. A 1.8 kW wind turbine will be erected this year at MSU to educate students, teachers and community members in wind energy through curriculum development and integration. In addition, NorthWestern Energy has awarded WfS a grant of \$46,000 to begin to implement the Program the fall of 2008. The Governor's Office worked closely with WfS to obtain this grant.

Cascade County Shop – July, 2008

A new energy efficient County shop was erected in the summer of 2008 in Cascade County and the facility hosts an Entegri Wind Systems 50-kilowatt wind turbine. The wind turbine will produce an estimated 85% of the county shop's electrical needs.

Natural Gas and Coal-fired Generation Projects

Basin Creek Power – April, 2005

The Basin Creek Power natural gas fired power plant in Butte was constructed in 2005 and produces 51+ MW of peaking power, tied to firming wind power from Judith Gap Wind Farm.

Centennial Power Plant – April, 2006

This 119 MW pulverized coal power plant went on line in April of 2006. The Hardin Generating Station has the distinction of being the cleanest burning coal plant in Montana and was the first pulverized coal plant to be built in Montana in over 20 years.

SME Power Plant (Highwood Station) – May, 2007

This proposed Circulating Fluidized Bed (CFB) 250 MW coal fired power plant received applicable state permits on May 10, 2007.

Culbertson Peaking Plant - 2009

Basin Electric Power Cooperative in November 2007 announced the development of a 100 MW natural gas fired peaking plant in Culbertson. An air quality permit application was submitted to the Montana DEQ in September, 2008. A joint environmental assessment (EA) for the Montana DEQ and the USDA Rural Development – Rural Utilities Service will be prepared and it is expected to be completed late 2009 / early 2010.

Anaconda Regulating Plant - February, 2008

NorthWestern Energy announced in February of 2008 its plans to construct a \$206 million natural gas fired load regulation plant near Anaconda. The company has filed permit applications with the DEQ and PSC in August 2008. The 200 MW plant will be built in two phases consisting of three 50 MW Pratt and Whitney turbines in the first phase with a second phase to be built later. NorthWestern plans to market this as firming power for future Montana wind farms. It is expected to be operational in 2010.

Great Falls Energy Center - February, 2007 and May, 2008

In February, 2007, Montgomery Great Falls Energy Partners LP, an affiliate of Montgomery Energy Partners LP of Magnolia, Texas, formally announced the purchase of assets and permits for Montana First Megawatts from Northwestern Energy. The gas-fired, combined cycle power plant project has been permitted to produce 275 megawatts and could easily be expanded for an additional 275

megawatts. The company is also working on permit for second plant, a \$96 million single cycle peaking plant announced in May, 2008.

Waste Recovery Generation

Flathead Electric Cooperative – Landfill Gas Generation - 2009

Flathead Electric Cooperative is in the process of building a 1.6 Megawatt electric generator that will run using landfill gas. The biomass process will capture and filter landfill gas from the Flathead County Solid Waste District landfill to remove liquid and particulates, then burn it in a 20-cylinder engine. This gas is currently being flared, as required by law.

Ormat /Basin Electric Waste Heat Recovery Project - 2009

Ormat is building a waste heat recovery generation project 10 miles NE of Culbertson, MT. This project recovers heat generated by compressors on Northern Border Pipeline. Ormat will own and operate the project and Basin Electric has contracted to purchase the output for 25 years. The project will generate 5.5 MW and is projected to become operational in October 2009.

Hydropower Generation Projects

Rainbow Dam Hydropower Project – May, 2008

PPL Montana is undertaking this project to raise the existing Missouri dam located near Great Falls 1.5 feet and install new turbines that will add 60 MW of clean power. The project cost is estimated at \$175 million and PPL expects to sign construction contracts in November 2008.

Gibson Dam Hydropower Project – August, 2008

The Gibson Dam on the Sun River on the Rocky Mountain Front near Augusta was originally built in the 1920's and it was designed for electricity generating turbines but they were not installed. Toll House of Bellingham Washington is conducting this \$25 million project to install the long awaited turbines. The developer is finalizing approvals as of late summer 2008 and the plant will produce 15MW of power.

Transmission Lines

Havre to Rainbow and Wolfe Point to Williston Transmission Upgrades – 2006/2008

These two Western Area Power Administration (WAPA) projects will upgrade the existing lines from 161 kV to 230 kV. Wolfe Point to Williston was permitted in 2006 and Havre to Rainbow was permitted in 2008 and both projects will involve transmission improvements constructed over a 10 year period.

MATL – May, 2005

The Montana Alberta Tie Line (MATL) is a 600 MW, 215 mile merchant (private)

transmission line connecting Great Falls and Lethbridge, Alberta. The Governor's Office tracked the state and federal permitting process closely which was completed in the fall of 2008. The line is slated to be constructed in 2009.

Northern Lights – October, 2006

TransCanada's NorthernLights Inland Project is a proposed 800 mile high voltage direct current (HVDC) transmission line connecting eastern Montana through Townsend to Las Vegas, Nevada, with target markets in Las Vegas, Southern California and Phoenix. The project will use 500kV bi-pole lines to minimize land impact and provide for a total capacity of 3000 MW. In 2006 Governor Schweitzer signed a Memorandum of Understanding with the states of Idaho and Nevada concerning the development of this project.

MSTI – July, 2008

Mountain States Transmission Intertie (MSTI) is a proposed project from NorthWestern Energy to provide 1,500 MW of new transmission capacity between the Butte area and mid-point Idaho. The company submitted permit applications to the state the first of July, 2008. MSTI is a 500 kV transmission line that would relieve constraints on higher-voltage systems and provide west coast market access to new Montana power generation projects. The project would be built between substations located near Townsend and Jerome Idaho with an in-service date of 2013.

BPA / Colstrip 500 kV Transmission Line Upgrades – September, 2008

NorthWestern Energy is commissioning technical studies on a project to increase the capacity of the existing high voltage transmission line from Colstrip to the west coast by up to 750 MW. NorthWestern is working with EIPD, Pacific Corp, Puget Sound Power, Portland Electric and BPA. Funding agreement studies to move this first phase forward are expected to be done in early 2009.

Pipelines

Enbridge Oil Pipeline Expansion – April, 2006

Governor Schweitzer called a meeting in April 2006, with Wyoming Governor Dave Freudenthal and North Dakota Governor John Hoeven to discuss the regional need for additional infrastructure to get oil to domestic refineries. Inadequate pipeline capacity was resulting in oil price differentials that hurt Montana producers. More than one hundred producers and industry representatives attended that meeting. Enbridge has taken steps to alleviate this bottleneck with two expansion projects. Enbridge's Phase 5 expansion project is a 30,000 bpd expansion project that was completed in 2007. In November Enbridge announced a second expansion. The Phase 6 expansion, with an estimated cost of approximately \$150 million, will add 40,000 bpd of capacity from the western end of the system to Minot, N.D. and 51,000 bpd of capacity from Minot to Clearbrook, Minn. This will markedly increase the capacity to ship oil from Northeast Montana to market. These improvements will increase total

system capacity from 110,000 bpd to 161,000 bpd, with an in-service date of late 2009.

Keystone XL Pipeline – July, 2008

TransCanada's Keystone XL Pipeline, announced in the summer of 2008 will transport crude oil 1,980 miles, from Alberta through Montana and on to Nebraska. The Keystone XL is 36" crude oil pipeline and it is an expansion proposal that would connect to the existing Keystone Pipeline; 281 miles of the line will be located in Montana. Total investment in Montana will be approximately \$1 billion and will result in state and local tax revenues of more than \$50 million annually. Permit applications are expected to be submitted in 2008.

Pathfinder Natural Gas Pipeline – June, 2008

This energy infrastructure project, being developed by TransCanada, is a proposal for a natural gas pipeline to be built from the U.S. Rockies supply basins to markets in the U.S. Midwest. The 30" – 42" pipeline will move gas north-eastward from the Rockies supply basins, through the southeast corner of Montana, to connect to the Northern Border Pipeline Company system for delivery into the U.S. Midwest. The scheduled in-service date is November 2010.

Bison Natural Gas Pipeline – June, 2008

The Bison Pipeline Project is a proposed major transportation link between the natural gas reserves of the Rocky Mountain area, from the Powder River Basin to natural gas markets in the Midwest and the Chicago area. Bison Pipeline LLC is a wholly owned subsidiary of Northern Border Pipeline Company. TransCanada Northern Border Inc. serves as operator of Bison Pipeline LLC. The project has a targeted in-service date of November 15, 2010. The Bison Project's proposed route follows a portion of the proposed Pathfinder Project. The Pathfinder Project is sponsored by TransCanada Pipeline USA Ltd. During the two project's early review process, environmental activities for Bison and Pathfinder Projects are being coordinated to minimize the impact of the Projects on the land, landowners and other interested parties.

Manufacturing Plants

Chafin/Fuhrländer Wind Turbine manufacturing plant - March, 2008

Chafin/Fuhrländer, an LLC of Jon Chafin and the Fuhrländer AG of Germany, announced they will build a manufacturing plant in Butte to produce 2.5 MW wind turbines. The initial phase would employ 150 people, and the plant could create an additional 600 jobs if they decide to expand and build the 150 foot blades at the site. Construction is expected to commence in 2009.

Coal-to-Liquid Plants

Malmstrom CTL - October, 2007

The US Air Force is working with private industry and the state to develop a 25,000 barrel per day CTL plant at Malmstrom Air Force Base in Great Falls. The Air Force held an industry day open house in January of 2008 and requested qualifications and proposals from interested developers. Interested developers had until the end of May 2008 to submit proposals. The Air Force is currently evaluating the proposals received.

Many Stars CTL – August, 2008

The Crow Tribe announced in August 2008 a partnership with the Australian-American Energy Co., a subsidiary of the Australian Energy Co., to build the Many Stars coal-to-liquid fuels plant outside of Crow Agency. The project would produce 50,000 barrels per day of diesel and other fuels. The \$7 billion plant would employ up to 4,000 during construction and would create 1,000 permanent jobs.

Bio-Fuel Plants**Montola – Sustainable Systems – 2005**

This facility located in Culbertson currently produces cooking oil from Montana grown oil seed crops. Sustainable Systems of Missoula purchased the facility in 2005 with the intent of refurbishing the processing equipment and ultimately expanding the process to also produce biodiesel. The Montana Department of Commerce has provided this facility with more than \$1,000,000 in financial assistance in the form of low interest loans and grants.

Peaks & Prairies – 2005

This plant located in Malta began operations in 2005 and currently produces bio-lubricants made from Canola and Camelina seed.

Earl Fisher Biodiesel – 2006

This biodiesel plant located in Chester began operations in 2006 and currently produces 100,000 gallons of biodiesel per year with plans to expand to 1 million gallons per year. Current production uses Camellia seed for feed stock and product is marketed locally.

Great Plains – August, 2007

INEOS Enterprises announced it had entered into a strategic partnership with Great Plains - The Camelina Company - that will see significant growth in the output of Camelina, a non-food oilseed crop used in alternative fuels production. Great Plains has pioneered its use as a key raw material in the production of biodiesel. Great Plains announced in November 2007 that it is moving ahead with plans to build an oilseed crushing facility and refinery for biodiesel production in Eastern Montana.

Sustainable Oils - November, 2007

Governor Schweitzer along with Senators Baucus and Tester, joined with Targeted Growth, Inc. (TGI), a renewable energy bioscience company, and Green Earth Fuels, a vertically integrated renewable biodiesel energy company, to announce the formation of a joint venture called Sustainable Oils, Inc. The new venture will produce and market up to 100 million gallons of Camelina-based biodiesel by 2010, launching the single largest U.S. contract for the unique biodiesel-specific feedstock. Nearly all of the initial Camelina production is expected to be grown in Montana.

MSU-Northern Bio-fuels lab – May, 2008

This biofuels lab was opened in 2008 and is a state of the art facility located on the MSU-Northern campus in Havre. It tests organic fuel and lubricants to certify that they meet American Society for Testing and Materials standards. The lab can also test fuel additives to see if they will improve fuel quality. Northern will test samples from farmers and post test results on a Web site before it's added to expensive machinery.

AE Biofuels – August, 2008

AE Biofuels, a California based company, working in conjunction with Montana Microbial Products, a Montana based company, opened a 9,000 square foot integrated cellulosic and starch ethanol commercial demonstration facility capable of producing 150,000 gallons of ethanol per year. A possible addition to expand capacity could produce 1.2 million gallons per year.

Oil Production and Refinery Upgrades**Montana Oil Production - 2005-2008**

Oil production in the Bakken Formation of eastern Montana has been one of the nation's hottest oil plays. Between 2004 and 2007 Montana's oil production increased by 42% with a peak production in 2006 of 36.2 million barrels. Horizontal drilling and well fracturing technology have made possible the extraction of this light sweet crude held tightly in the Bakken shale. And this play could last many years because according to a USGS report released in April, 2008, technically recoverable reserves in the Bakken formation of Montana and North Dakota are estimated to be in a range of 3.4 to 4.3 billion barrels.

Billings Area Refineries**CHS, Laurel - August, 2005**

A \$400 million upgrade at the CHS refinery completed in May 2008 will boost the Laurel refinery's gasoline and diesel fuel by 20 percent, even though the refinery continues to process the same amount of crude oil, about 60,000 barrels per day. CHS and other existing refineries have made big investments to boost fuel production. The project has created 35 new full-time jobs with an additional

annual payroll of \$3.5 million.

Conoco Phillips - November, 2006

The Conoco Phillips refinery has undergone \$500 million in improvements since November of 2006 and the company indicates that another \$500 million will be spent on improvements over the next 3 years.

EXXON/MOBIL - 2005

According to company officials \$90 million has been spent on the refinery since 2005.

Coal Production and Mines - 2005-2008

Montana coal production ranks fifth in the United States and hovered under 40 million tons annually for about 15 years beginning in 1988. During Governor Schweitzer's term production has topped 43 million tons annually and is increasing as expanded and new mine development is underway. Upon completion of the Signal Peak mine (see below) we should reach a 35% increase in production.

Spring Creek – 2005-2007

The Spring Creek Mine owned by Rio Tinto and located near Decker in Big Horn County has increased production from 13.1 tons to 15.7 tons per year between 2005 and 2007. The company has an expansion permit application in process as of late 2008. This new permit would add 2042 acres and 157 million tons of recoverable coal.

Absaloka – March, 2008

Westmoreland Resources Incorporated (WRI) operates the Absaloka Mine in Big Horn County. The currently permitted mining area on the existing Tract III Coal Lease will sustain the current production rate of 6.5 to 7.0 million tons of coal per year only through 2009. A draft EIS was prepared in March 2008 for WRI to extend its mining permit. Within the Tract III Revision area, WRI is seeking approval of the Tract III Revision by MDEQ and OSM, IMDA lease approval, and OSM approval of the South Extension permit application that would add approximately 94 million tons of in-place coal reserves. WRI estimates that 77 million of these tons are recoverable and marketable. This would enable the mine to extend its productive life to 2020 or 2021 at the current production rate of 6.5 to 7.0 million tons per year.

Signal Peak (Bull Mountain) – July, 2008

This new mining operation was announced in July 2008. Signal Peak, located near Roundup, is Montana's only underground mine and is one of the most significant contiguous coal reserves in the United States. The new mine is poised to be the most productive single long-wall mining operation in the nation, with an estimated 15 million tons of coal to be produced per year, 10 million of which is

committed to First Energy, one of the partner companies in the project with Boich Companies. According to the companies, the estimated cost to fully develop the mine is \$450 million, including a new coal preparation plant, and the costs associated with constructing a 35-mile rail spur to the Burlington Northern Santa Fe railway line near Broadview. Construction of the rail spur began in July 2008 and is expected to be completed in 2009.

Nelson Creek – 2008

Great Northern Properties has indicated it will be submitting a permit in 2008 or 2009 for a new mine for this site located near to Circle. The company has been studying the feasibility to construct a mine mouth coal gasification plant at this site similar to a project they currently are developing in North Dakota.

Carpenter Creek – September, 2008

This 250 million ton reserve contains high BTU coal (10,800 - 11,000) located between Musselshell and Melstone. The developers propose building a 25 mile long rail line to Custer and would operate this as a surface mine. The developer is preparing to submit a mining permit application to MDEQ in late 2008. The developer is looking to sell coal to eastern US markets and to export this coal overseas with annual production in the range of 4 to 4.5 million tons per year and will employ 50 workers.

Hard Rock Mines

Revett Minerals, Troy Mine – January, 2005

Revett Minerals Inc. through its subsidiaries owns and operates the Troy Mine. The Troy ore body was discovered by Bear Creek Mining (Kennecott) in the early 1960's, and was later optioned to ASARCO to develop and operate. ASARCO developed a conventional 8,500 ton per day (7,700 mtpd), underground room and pillar operation at Troy in 1980, and operated the mine until early 1993. When minerals prices improved the company did studies to re-open the mine and the first concentrates were shipped in January 2005.

Initiatives and Delegations

The 20x10 and 30 MPG Initiatives – November, 2007

Governor Schweitzer has challenged all state agencies to reduce energy consumption by 20 percent by the end of 2010 after receiving a report from the Climate Change Advisory Committee he had appointed in 2006. "Climate change is serious and Montana should lead by example," said Governor Schweitzer in his November 19, 2007 press release. "By setting a goal and working toward it, we can become leaders in addressing climate change. I would like to thank Director Richard Oppen, DEQ staff and the members of the Climate Change Advisory Committee for their hard work on the report." Governor Schweitzer is also asking agencies to apply a Montana CAFE (corporate average fuel

economy) standard and move state vehicle fleets to achieve an average of 30 miles per gallon or better. "With the exception of industrial vehicles and pickups needed for state work, many of the vehicles in the state fleet could be more efficient."

Montana-Alberta Oil and Gas Missions – 2005, 2007

Governor Schweitzer has traveled twice to Canada, once in 2005 and again in October 2007, in order to build partnerships to develop Montana energy and to entice Canadian companies with Montana's tax incentives. The Governor also hosted an energy mission in 2006 traveling with Canadian oil and gas companies to Billings, Baker and Sidney.

Oil and gas production tax agreement – 2008

This agreement is between the Fort Peck Assiniboine and Sioux tribes and the State to split tax proceeds in order to encourage oil and gas production. The agreement was put in place to prevent native landowners from being taxed by both governments. The Governors Office is working with other tribes to execute similar agreements.

Wind Integration Study - March, 2007

The Governor's Office contributed \$25,000 toward the completion of a wind variability study. The study, finalized in September 2008, is intended to help address issues affecting the ability to integrate more Montana wind into the electricity grid. The Governor's Office partnered with NorthWestern Energy, Montana Alberta Tie Line, WAPA and eight Montana wind developers fund this study.

Idaho National Laboratory Tour, January - 2008

Governor Schweitzer traveled to the Idaho National Laboratory (INL) in January, 2008 where he toured the facilities of this federal facility noted for its energy technology expertise. The Governor was seeking information as to how the world class resources of this federally supported facility can be utilized to develop Montana energy resources as well as meet his energy efficiency goals. One area of particular interest to the Governor is the work INL is doing related to the development of advanced battery technology and its application for plug-in hybrid electric cars.

Coal Bed Methane Workshop, January - 2008

Governor Schweitzer invited members of the CBM industry along with representatives of state environmental groups to a workshop to discuss ways that CBM can be developed while protecting the environment. The Governor invited a leading expert from the Alberta Unconventional Gas Association to present information on how this issue is addressed in that Canadian province noted for its immense energy sector. Techniques such as drilling multiple wells from a single platform, water treatment and reinjection were discussed.

Iceland Visit to Montana – October 2007

In October of 2007, the Energy Promotion and Development Division, along with Senator Jon Tester, hosting a delegation of financial and engineering experts from Iceland to explore Montana's geothermal resources. Over the course of two days, the delegation met with several developers of potential geothermal projects and discussed all aspects of development from transmission to financial issues. The visit concluded with a formal invitation for a delegation to visit Iceland. A recently completed study by the Massachusetts Institute of Technology projects that the US could obtain 10% of its electricity from geothermal energy.

Iceland Geothermal Mission – March 2008

In March of 2008, state officials along with members of the Public Service Commission and the state legislature, travelled to Iceland to learn more about geothermal energy development. The delegation toured several geothermal power plants, met with government officials, and learned a great deal from industry experts. Iceland, with a population of about 400,000, currently obtains about 25% of its electrical power and heats over 90% of its buildings using geothermal energy.

UN Ambassadors Visit Montana – October 2007

In October 2007, the Governor's Office and the Energy Promotion and Development Division, hosted a delegation of several UN Ambassadors for an educational look at Montana's history and economic future. The three-day visit included meetings with business leaders and educational professionals, a Native American celebration, and "A Conversation on Energy" hosted by Governor Schweitzer. The delegation also enjoyed a reception with state officials.

Harvesting Clean Energy Conference- 2008-2009

In January 2009, Montana will host the 9th Annual Harvesting Clean Energy Conference, the Northwest's premiere gathering to advance rural economic development through clean energy production. Several state officials sit on the planning committee and the co-chair is from the Energy Promotion and Development Division.

National Governor's Association Clean Energy States Grants, June - 2008

The Governor's Office was one of 10 states selected to receive a \$50,000 Clean Energy States Grant. The Governor's Office competed with applications submitted from all across the nation. The funds will be used to support transmission planning.

National Energy Coalitions

Governor Schweitzer has taken an active role in national energy coalitions. This has included the Western Governor's Association (WGA) Clean and Diversified Energy Initiative that in 2006 produced a road map to bring 30,000 MW of new clean energy into the western grid by 2015. Governor Schweitzer also worked hard on the 2008 WGA Transportation Fuels of the Future Report to assure that coal to liquids technology has a rightful place in the mix of fuels that need to be developed to achieve national / regional energy independence as well as environmental goals. The Governor is currently active in the development of the WGA Western Renewable Energy Zones project that will identify areas of high quality renewable energy and the transmission corridors needed to bring those energy resources to load centers. The Governor also signed on to the Western Climate Initiative in December of 2007, joining several other western states in preparing a policy guide to reducing greenhouse gas emissions across the region, with the primary objective of getting the Federal Government to adopt federal standards. In addition, Governor Schweitzer and staff sit on the Governors' Biofuels Coalition and the Governors' Wind Coalition.

Energy Tax Incentives

2005 Wind Tax Incentives – April, 2005

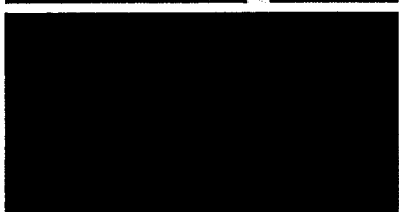
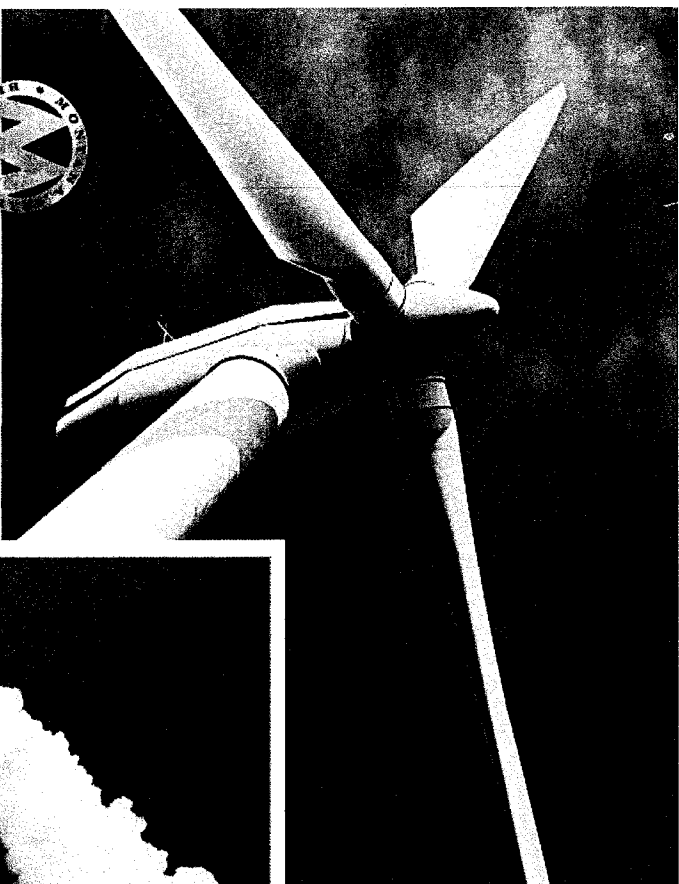
The establishment of class 14 properties resulting in a 50% reduction in property taxes for wind farms was supported by Gov Schweitzer, passed by the legislature and adopted in 2005.

The "Clean and Green" Energy Tax Incentives – May, 2007

The flagship legislation promoted by Governor Schweitzer during the 2007 legislative session was the "Clean and Green" tax incentives that are aimed at attracting new energy businesses to Montana. This comprehensive incentives package was passed in the 2007 special session and includes breaks (as much as 87%) for transmission lines, pipelines, energy generation, manufacturing facilities, biofuels and carbon sequestration that meet clean energy requirements. Projects such as Glacier Wind and AE Biofuels pilot plant have praised these tax incentives for their ability to do business in Montana.



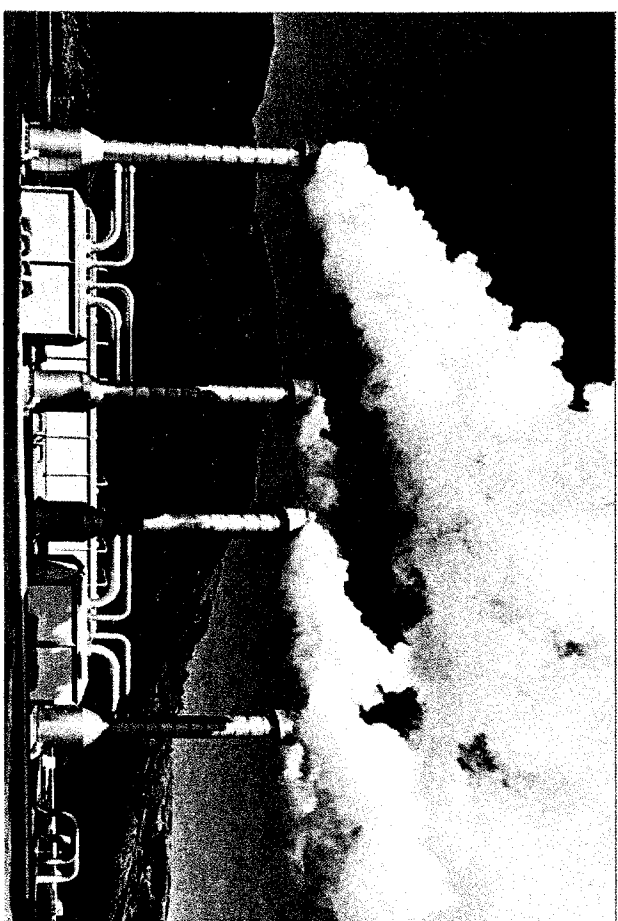
WIND



BIOMASS



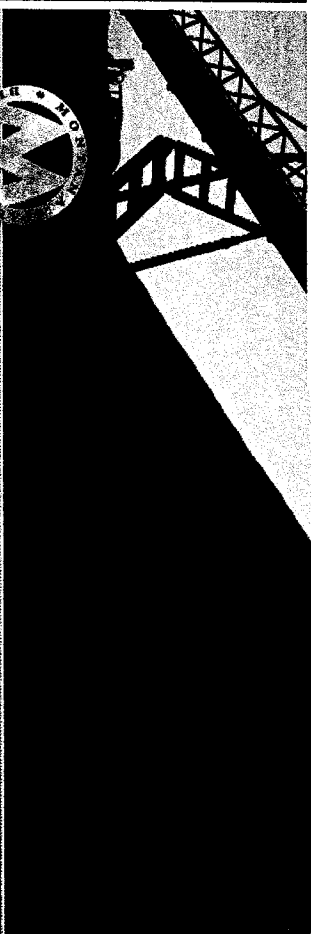
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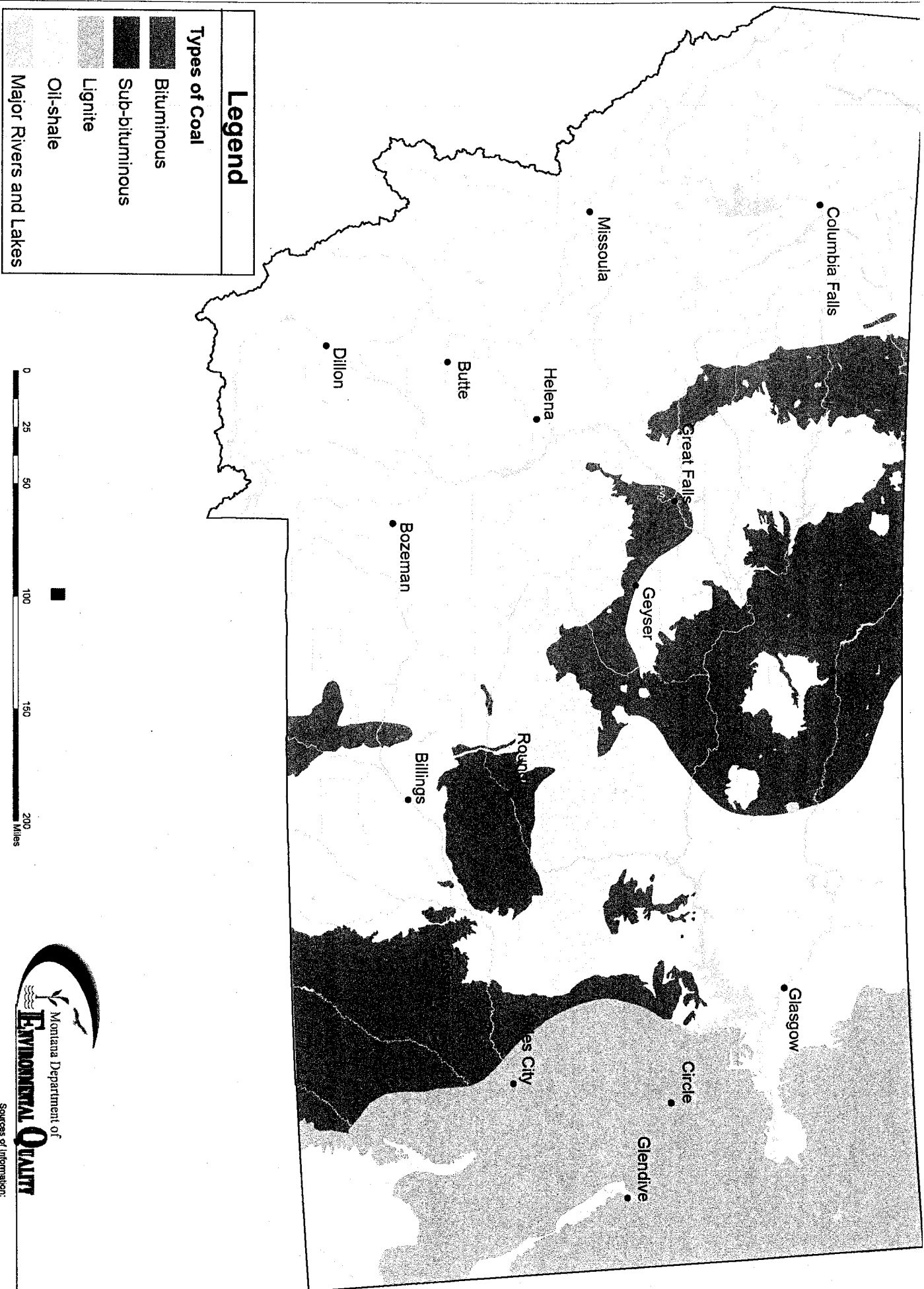
OIL and GAS



COAL



Montana Coal Deposits





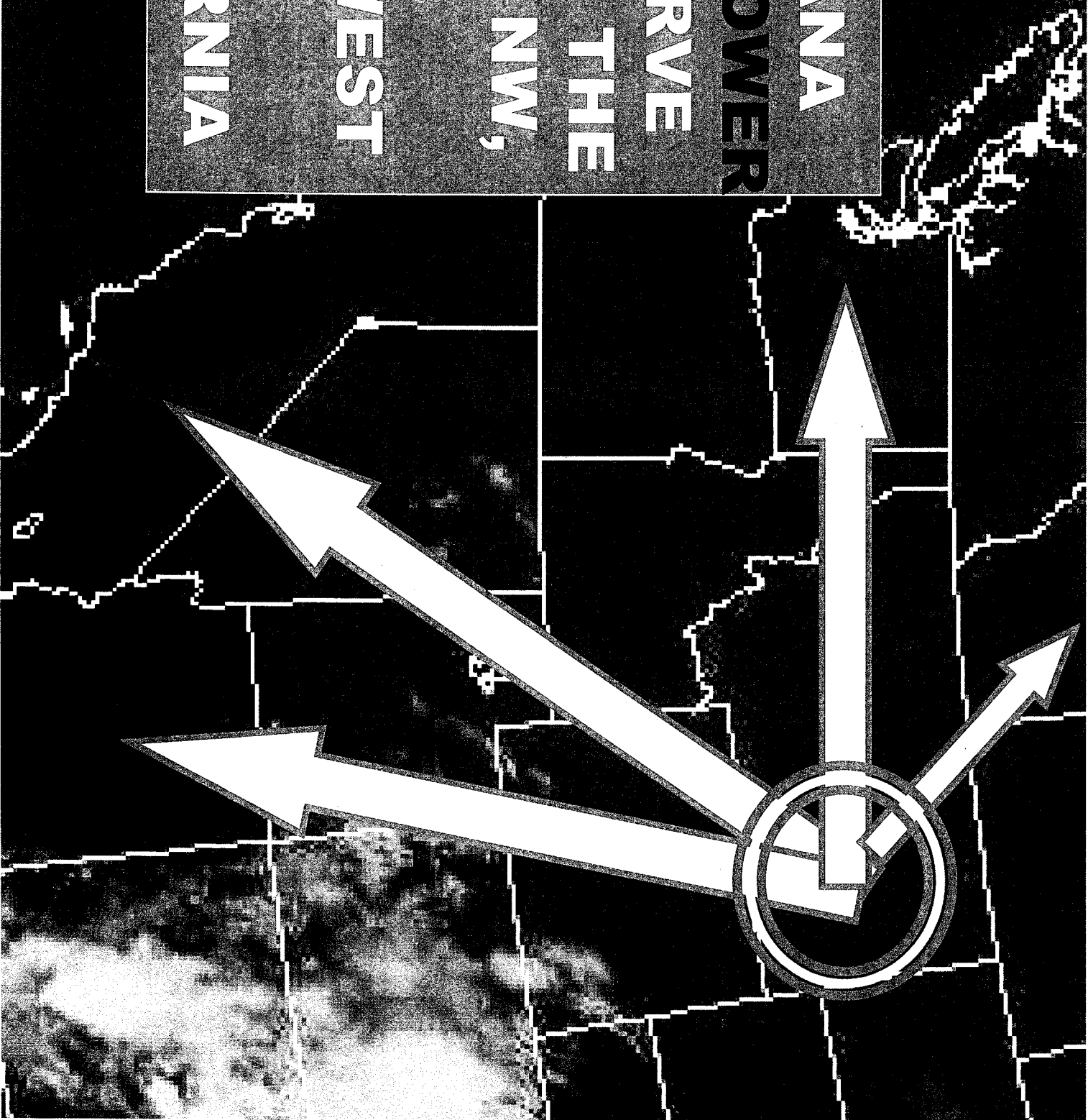
Montana is Wind Country

US Annual Average Wind Power

**#1 state in
wind
power
potential
Class 3 and
above**

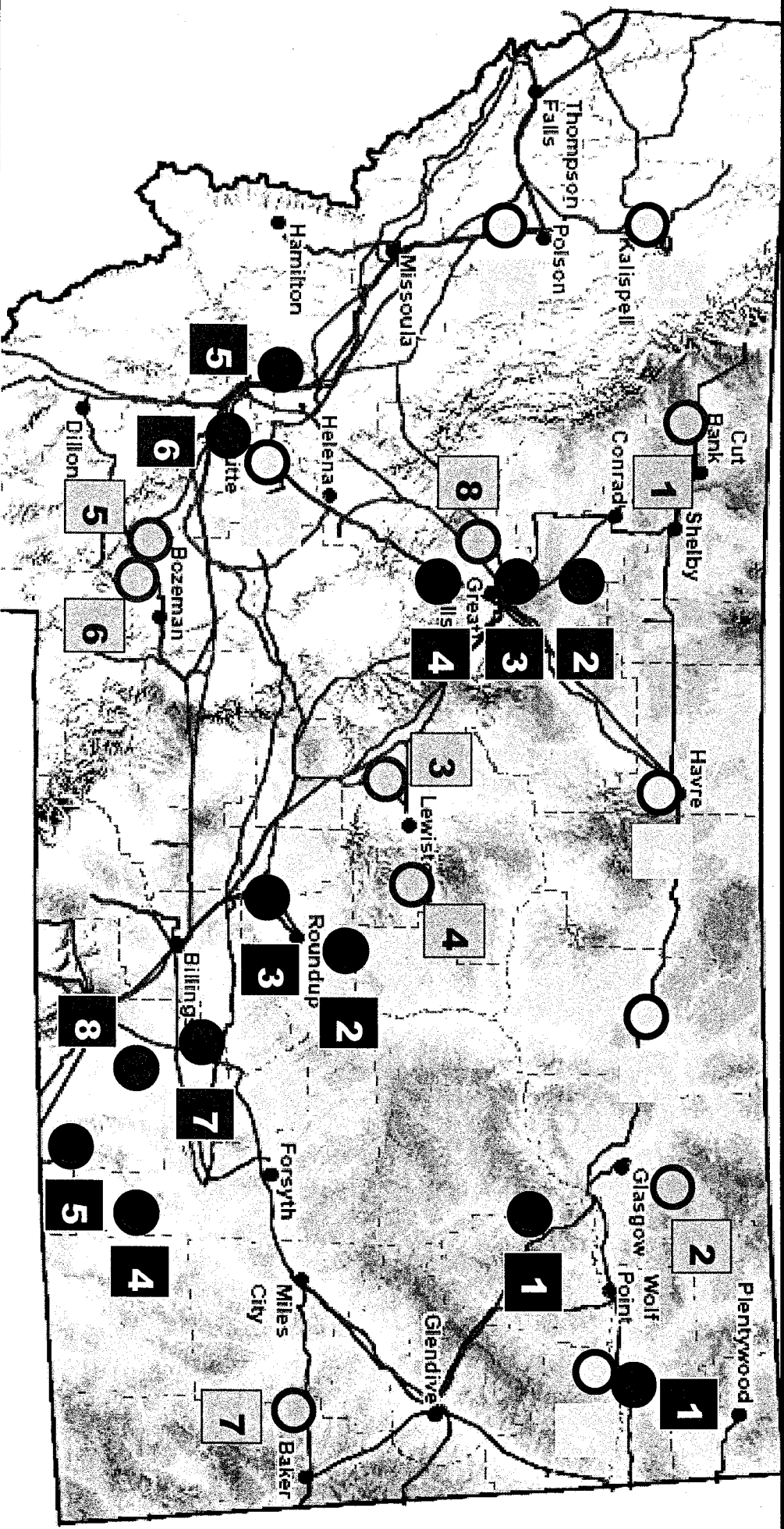


**MONTANA
GREEN POWER
CAN SERVE
CANADA, THE
PACIFIC NW,
THE
SOUTHWEST
AND
CALIFORNIA**



Montana Energy means Montana Jobs

Projects since 2005



Power Plant Activity

Bio-Fuels Activity

Wind Generation Activity

New or Expanded Coal Mine Activity

~permitted or under review

Major New Transmission Lines & Pipelines in Development

